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MEMORANDUM OF CONVERSATION

Date: December 8, 1982

Time: 7:45 a.m.

Place: The Secretary's
 Dining Room

SUBJECT:

PFIAB's Concern over Employment of Soviet
 Nationals by Embassy Moscow

PARTICIPANTS:

Anne Armstrong, Chairman, President's Foreign
 Intelligence Advisory Board (PFIAB)
 Martin Anderson, Chairman of PFIAB
 Counterintelligence Task Force
 Norman Wood, PFIAB Staff Director
 Carol Patrick, PFIAB Assistant Staff Director

The Acting Secretary
 Under Secretary Van Gorkon, Designate
 INR Director Hugh Montgomery
 EUR/SOV Deputy Director Richard Combs

The Acting Secretary invited PFIAB Chairman Anne Armstrong and her colleagues to a working breakfast to discuss, at Armstrong's request, PFIAB's concern over the employment of Soviet nationals at Embassy Moscow.

Mrs. Armstrong opened the discussion by underscoring PFIAB's conviction that something should be done about the fact that we employed large numbers of Soviets in Moscow, while the Soviets employed virtually no Americans in Washington. Perhaps the newly-formed Office of Foreign Missions (OFM) could be used to help remedy this situation. PFIAB felt we should have more U.S. intelligence personnel in Moscow and also should reduce the counterintelligence threat by employing Americans in the place of Soviets nationals. The overall situation was badly skewed in favor of the USSR, and PFIAB wished to work with the Department on this problem. For example, housing was a serious constraint on employing additional Americans in Moscow. Could the OFM be used to overcome this?

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Under Secretary Van Gorkom explained that the OFM was currently being organized, with initial emphasis on establishing a travel agency and a services bureau. A director would be named shortly. In addition, the Secretary recently had decided to extend the provisions of the Foreign Missions Act to U.N. Missions in New York. The Act contained provisions governing residential property, although our lawyers had not yet worked out the details. We intend to proceed with some caution, so as not to evoke Soviet retaliation that could unduly harm our activities in the USSR.

During the ensuing discussion, the State participants described the work environment and security situation in Moscow, noting Embassy Moscow's considered view that security could well be worsened by replacing Soviet employees -- a known threat -- with Americans who would provide the KGB with considerable new opportunities for entrapment and recruitment. This was not to say that the status quo was ideal in all respects: the Department and the Embassy were reviewing the situation, with an eye to replacing Soviet telephone operators with American personnel.

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At the breakfast's conclusion, Mrs. Armstrong and her colleagues expressed appreciation for the meeting and hoped that PFIAB and State could work together to resolve problems of mutual interest. Van Gorkom (the Acting Secretary had had to excuse himself to chair another meeting) indicated State would be happy to do so.

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